

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Reg. No: 38813)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 MARCH 2022**

**A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS AND FULL
YEAR ENDED 31 MARCH 2022**

	Note	The Group					
		6 months ended 31 March			12 months ended 31 March		
		2022 (Unaudited)	2021 (Unaudited)	Change	2022 (Unaudited)	2021 (Audited)	Change
		HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	6	1,012,904	1,186,606	-14.6	2,027,426	2,281,523	-11.1
Cost of sales		(881,705)	(986,296)	-10.6	(1,752,611)	(1,895,298)	-7.5
Gross profit		131,199	200,310	-34.5	274,815	386,225	-28.8
Selling and distribution expenses		(9,917)	(18,347)	-45.9	(21,636)	(31,992)	-32.4
Administrative expenses		(66,302)	(83,570)	-20.7	(141,585)	(163,291)	-13.3
Other income and gains, net		7,330	7,008	4.6	14,734	18,424	-20.0
Operating profit		62,310	105,401	-40.9	126,328	209,366	-39.7
Finance costs		(290)	(353)	-17.8	(583)	(692)	-15.8
Profit before income tax		62,020	105,048	-41.0	125,745	208,674	-39.7
Income tax expense	9	(5,108)	(9,427)	-45.8	(12,199)	(21,561)	-43.4
Profit for the period		56,912	95,621	-40.5	113,546	187,113	-39.3
Attributable to:							
Owners of the Company		56,912	95,621	-40.5	113,546	187,113	-39.3
Earnings per share for profit attributable to owners of the Company for the period							
		HK cents	HK cents		HK cents	HK cents	
- Basic	10	13.1	22.0	-40.5	26.1	43.0	-39.3
- Diluted	10	13.1	22.0	-40.5	26.0	43.0	-39.5

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND FULL YEAR ENDED 31 MARCH 2022

	The Group					
	6 months ended 31 March			12 months ended 31 March		
	2022 (Unaudited)	2021 (Unaudited)	Change	2022 (Unaudited)	2021 (Audited)	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	56,912	95,621	-40.5	113,546	187,113	-39.3
Other comprehensive (loss)/income, net of tax:						
<i>Items that may be reclassified to profit or loss:</i>						
Currency translation differences	(1,812)	1,521	NM	2,923	4,999	-41.5
Total comprehensive income for the period	55,100	97,142	-43.3	116,469	192,112	-39.4
Attributable to:						
Owners of the Company	55,100	97,142	-43.3	116,469	192,112	-39.4

Note:

NM: Not meaningful

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	The Group		The Company	
		At 31.3.2022 (Unaudited)	At 31.3.2021 (Audited)	At 31.3.2022 (Unaudited)	At 31.3.2021 (Audited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	318,319	288,137	-	-
Right-of-use assets		47,451	49,789	-	-
Investment in subsidiaries		-	-	83,330	83,330
Financial assets at fair value	7	24,600	24,000	-	-
Others		19,105	14,940	-	-
Total non-current assets		409,475	376,866	83,330	83,330
Current assets					
Inventories		273,508	214,080	-	-
Trade receivables		430,681	490,509	-	-
Other receivables and prepayments		45,326	30,696	300	268
Due from subsidiaries		-	-	487,560	434,524
Cash and cash equivalents		936,665	1,129,446	212	1,641
Total current assets		1,686,180	1,864,731	488,072	436,433
Total assets		2,095,655	2,241,597	571,402	519,763
EQUITY					
Share capital	14	43,563	43,563	43,563	43,563
Treasury shares		(11,138)	(18)	(11,138)	(18)
Reserves		1,336,178	1,303,548	538,146	475,761
Total equity		1,368,603	1,347,093	570,571	519,306
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities		2,974	5,074	-	-
Total non-current liabilities		2,974	5,074	-	-
Current liabilities					
Trade payables		262,733	365,181	-	-
Other payables and accruals		385,987	446,212	831	457
Contract liabilities		24,299	24,191	-	-
Current income tax liabilities		51,059	53,846	-	-
Total current liabilities		724,078	889,430	831	457
Total liabilities		727,052	894,504	831	457
Total equity and liabilities		2,095,655	2,241,597	571,402	519,763
Net current assets		962,102	975,301	487,241	435,976
Total assets less current liabilities		1,371,577	1,352,167	570,571	519,306

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FULL YEAR ENDED 31 MARCH 2022

(Unaudited) The Group	Attributable to the owners of the Company								
	Reserves								Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency translation reserve	Statutory reserve	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2021	43,563	(18)	164,515	12,254	19,746	5,244	1,101,789	1,303,548	1,347,093
Total comprehensive income for the period	-	-	-	-	2,923	-	113,546	116,469	116,469
Dividends paid (note 11)	-	-	-	-	-	-	(87,125)	(87,125)	(87,125)
Purchase of treasury shares	-	(11,120)	-	-	-	-	-	-	(11,120)
Share-based compensation	-	-	-	3,286	-	-	-	3,286	3,286
Forfeiture of share option	-	-	-	(540)	-	-	540	-	-
Changes in equity for the period	-	(11,120)	-	2,746	2,923	-	26,961	32,630	21,510
Balance at 31 March 2022	43,563	(11,138)	164,515	15,000	22,669	5,244	1,128,750	1,336,178	1,368,603
(Audited)									
Balance at 1 April 2020	43,563	(2,272)	163,918	9,116	14,747	4,818	997,712	1,190,311	1,231,602
Total comprehensive income for the period	-	-	-	-	4,999	-	187,113	192,112	192,112
Dividends paid (note 11)	-	-	-	-	-	-	(82,650)	(82,650)	(82,650)
Exercise of share options	-	2,254	597	(971)	-	-	-	(374)	1,880
Share-based compensation	-	-	-	4,149	-	-	-	4,149	4,149
Forfeiture of share options	-	-	-	(40)	-	-	40	-	-
Transfer to statutory reserve	-	-	-	-	-	426	(426)	-	-
Changes in equity for the period	-	2,254	597	3,138	4,999	426	104,077	113,237	115,491
Balance at 31 March 2021	43,563	(18)	164,515	12,254	19,746	5,244	1,101,789	1,303,548	1,347,093

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FULL YEAR ENDED 31 MARCH 2022 (CONT'D)

(Unaudited) The Company	Reserves							
	Share capital	Treasury Share	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2021	43,563	(18)	164,515	12,254	67,239	231,753	475,761	519,306
Total comprehensive income for the period	-	-	-	-	-	146,224	146,224	146,224
Dividends paid (note 11)	-	-	-	-	-	(87,125)	(87,125)	(87,125)
Purchase of treasury shares	-	(11,120)	-	-	-	-	-	(11,120)
Share-based compensation	-	-	-	3,286	-	-	3,286	3,286
Forfeiture of share option	-	-	-	(540)	-	540	-	-
Changes in equity for the period	-	(11,120)	-	2,746	-	59,639	62,385	51,265
Balance at 31 March 2022	43,563	(11,138)	164,515	15,000	67,239	291,392	538,146	570,571
(Audited)								
Balance at 1 April 2020	43,563	(2,272)	163,918	9,116	67,239	224,221	464,494	505,785
Total comprehensive income for the period	-	-	-	-	-	90,142	90,142	90,142
Dividends paid (note 11)	-	-	-	-	-	(82,650)	(82,650)	(82,650)
Exercise of share options	-	2,254	597	(971)	-	-	(374)	1,880
Share-based compensation	-	-	-	4,149	-	-	4,149	4,149
Forfeiture of share options	-	-	-	(40)	-	40	-	-
Changes in equity for the period	-	2,254	597	3,138	-	7,532	11,267	13,521
Balance at 31 March 2021	43,563	(18)	164,515	12,254	67,239	231,753	475,761	519,306

E. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 MARCH 2022

	The Group		The Group	
	6 months ended 31 March		year ended 31 March	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before income tax	62,020	105,048	125,745	208,674
Adjustments for :				
Amortisation of the right-of-use assets	2,398	1,578	3,644	3,552
Depreciation on property, plant and equipment	29,977	26,513	58,028	54,118
Provision for impairment of trade receivables	1,499	-	1,499	-
(Gain)/loss on disposals of property, plant and equipment	(1,333)	1,263	(1,101)	1,598
Share-based compensation	1,298	1,828	3,286	4,149
Interest income, net	(1,219)	(1,413)	(2,289)	(5,654)
Investment income	(2,694)	-	(2,694)	-
	91,946	134,817	186,118	266,437
Changes in working capital:				
Inventories	(25,353)	(3,865)	(59,428)	13,847
Trade receivables	99,427	22,947	58,329	(164,121)
Other receivables and prepayments	(7,696)	(5,248)	(11,405)	3,604
Trade payables	(69,629)	(68,383)	(102,448)	73,947
Other payables and accruals	(23,651)	12,742	(60,225)	51,636
Contract liabilities	(599)	(382)	108	(17,656)
Net cash generated from operations	64,445	92,628	11,049	227,694
Income tax paid	(18,119)	(11,028)	(21,968)	(14,542)
Interest elements of lease payments	-	(33)	-	(81)
Net cash generated from / (used in) operating activities	46,326	81,567	(10,919)	213,071
Cash flows from investing activities				
Purchase of property, plant and equipment	(19,574)	(59,672)	(92,284)	(94,637)
Acquisition of right-of-use assets	(1,032)	(2,601)	(1,032)	(2,601)
Proceeds from disposals of property, plant and equipment	1,737	1,265	3,091	1,812
Proceeds from returns on financial assets at fair value	1,360	-	2,694	-
Redemption of financial assets at fair value	-	-	-	38,630
Interest received	1,219	1,446	2,289	5,735
Net cash used in investing activities	(16,290)	(59,562)	(85,242)	(51,061)
Cash flows from financing activities				
Purchase of treasury shares	(11,120)	-	(11,120)	-
Dividend paid	(17,425)	(21,750)	(87,125)	(82,650)
Proceeds from exercise of share options	-	1,880	-	1,880
Principal elements of lease payments	-	(654)	-	(1,292)
Net cash used in financing activities	(28,545)	(20,524)	(98,245)	(82,062)
Net increase / (decrease) in cash and cash equivalents	1,491	1,481	(194,406)	79,948
Effect of foreign exchange rate changes	(1,507)	(4,361)	1,625	(3,598)
Cash and cash equivalents at beginning of the period	936,681	1,132,326	1,129,446	1,053,096
Cash and cash equivalents at end of the period	936,665	1,129,446	936,665	1,129,446

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

Valuetronics Holdings Limited (the "Company") (Registration number: 38813) was incorporated in Bermuda on 18 August 2006 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its principal place of business is Unit 9-11, 7/F., Technology Park, No. 18 On Lai Street, Shatin, New Territories, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). These condensed interim consolidated financial statements as at and for the six months and full year ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the Group). The Group is a vertically integrated Electronics Manufacturing Services ("EMS") provider.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the annual financial statements for the year ended 31 March 2021.

These condensed interim consolidated financial statements have been presented in thousands of HK dollar ("HK\$") unless otherwise stated.

The condensed interim consolidated financial statements have not been audited or reviewed by the Company's auditors.

2 Basis of preparation

The condensed interim consolidated financial statements for the six months and year ended 31 March 2022 has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed interim financial statements do not include all the information required for a complete set of financial statements. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

3 Accounting policies

In addition to those described below, the accounting policies applied are consistent with those of the annual financial statements for the financial year ended 31 March 2021, as described in those annual financial statements.

(a) Adoption of new and amended standards

The Group has adopted the following new/revised standards and amendments to standards which are mandatory for the financial year beginning on or after 1 April 2021:

- | | |
|---|--|
| • Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 |
| • Amendments to IFRS 16 | Covid-19-related Rent Concessions |

The adoption of the above does not have any significant impact to the results and financial position of the Group and the Company.

(b) New standards, amendments to standards and interpretations not yet effective

The following are new/revised standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 April 2022, but have not been early adopted by the Group.

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3 Accounting policies (Continued)

(b) New standards, amendments to standards and interpretations not yet effective (Continued)

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁽²⁾
Amendments to IAS 8	Definition of Accounting Estimates ⁽²⁾
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽²⁾
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁽¹⁾
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁽¹⁾
Amendments to IFRS 3	Reference to the Conceptual Framework ⁽¹⁾
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 ⁽¹⁾
IFRS 17	Insurance Contracts ⁽²⁾
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ⁽²⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

⁽¹⁾ Effective for the accounting period beginning on or after 1 April 2022

⁽²⁾ Effective for the accounting period beginning on or after 1 April 2023

⁽³⁾ Effective date to be determined

These new standards or amendments to existing standards are not expected to have any material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

4 Estimates

The preparation of condensed interim consolidated financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were mostly same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

5 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no significant changes in any risk management policies since the year ended 31 March 2021.

6 Revenue and segment information

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the period the Group has two reportable segments as follows:

- Consumer Electronics – consumer electronics products
- Industrial and Commercial Electronics – industrial and commercial electronics products

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6 Revenue and segment information (Continued)

(Unaudited)	Consumer Electronics HK\$'000	Industrial and Commercial Electronics HK\$'000	Total HK\$'000
For the 6 months ended 31 March 2022			
Revenue (from external customers)	387,474	625,430	1,012,904
Timing of revenue recognition			
- at a point in time	387,133	621,254	1,008,387
- over time	341	4,176	4,517
Segment profit	24,996	94,597	119,593
For the 6 months ended 31 March 2021			
Revenue (from external customers)	315,602	871,004	1,186,606
Timing of revenue recognition			
- at a point in time	313,135	862,601	1,175,736
- over time	2,467	8,403	10,870
Segment profit	31,313	153,583	184,896
For the year ended 31 March 2022			
Revenue (from external customers)	706,862	1,320,564	2,027,426
Timing of revenue recognition			
- at a point in time	706,379	1,311,957	2,018,336
- over time	483	8,607	9,090
Segment profit	51,803	203,546	255,349
For the year ended 31 March 2021			
Revenue (from external customers)	680,731	1,600,792	2,281,523
Timing of revenue recognition			
- at a point in time	677,379	1,582,458	2,259,837
- over time	3,352	18,334	21,686
Segment profit	72,202	285,521	357,723

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6 Revenue and segment information (Continued)

The revenue from external parties reported is measured in a manner consistent with that in the condensed interim consolidated income statement.

Reconciliation of segment profit to profit for the period:

	For the 6 months ended 31 March		For the year ended 31 March	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Segment profit	119,593	184,896	255,349	357,723
Unallocated corporate expenses				
- staff costs	(54,063)	(74,098)	(116,698)	(142,998)
- income tax expense	(5,108)	(9,427)	(12,199)	(21,561)
- others	(3,510)	(5,750)	(12,906)	(6,051)
Profit for the period	56,912	95,621	113,546	187,113

Geographical information:

	Revenue				Non-current assets (other than financial instruments)	
	For the 6 months ended 31 March		For the year ended 31 March		As at 31 March 2022	As at 31 March 2021
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
United States of America	354,230	495,061	710,907	934,382	-	-
People's Republic of China (the "PRC")	233,571	319,222	493,726	606,465	145,391	175,480
Poland	126,278	67,311	222,473	129,060	-	-
Hong Kong	100,691	69,960	170,997	117,417	15,573	16,271
Netherlands	33,700	57,351	95,744	91,711	-	-
Indonesia	59,391	24,477	87,619	113,361	-	-
Germany	20,052	32,194	45,063	55,234	-	-
South Korea	11,291	23,909	21,970	37,459	-	-
Vietnam	2,042	8,209	12,686	21,240	223,911	161,115
France	4,294	8,300	9,914	24,205	-	-
Other countries	67,364	80,612	156,327	150,989	-	-
Total	1,012,904	1,186,606	2,027,426	2,281,523	384,875	352,866

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7 Fair value measurement of financial instruments

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). This is the case for private equity funds at fair value through profit or loss ("FVPL").

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2022 (Unaudited)				
Financial assets at FVPL	-	-	24,600	24,600
At 31 March 2021 (Audited)				
Financial assets at FVPL	-	-	24,000	24,000

There were no transfers between different levels during the year ended 31 March 2022.

The carrying amounts of the Group's current financial assets including cash and cash equivalents, and trade and other receivables, and the Group's current financial liabilities including trade and other payables, approximate their fair values.

8 Profit before taxation

The Group's profit before income tax is arrived at after (crediting)/charging:

	For the 6 months ended 31 March		For the year ended 31 March	
	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Income				
Interest income	(1,219)	(1,446)	(2,289)	(5,735)
Expenses				
Depreciation on property, plant and equipment	29,977	26,513	58,028	54,118
Amortisation of right-of-use assets	2,398	1,578	3,644	3,552
Finance costs	290	353	583	692
Other income and gains, net				
(Gain)/loss on disposal of property, plant and equipment	(1,333)	1,263	(1,101)	1,598
Net exchange losses/(gains)	3	(1,745)	(2,939)	(4,176)
Investment income	(1,360)	-	(2,694)	-
Reversal of impairment loss recognised in respect of flash floods that occurred on 17 September 2018 at the Danshui Plant	-	-	-	(1,634)

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	For the 6 months ended 31 March		For the year ended 31 March	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax charge				
- Hong Kong profits tax	3,456	6,181	8,900	16,747
- PRC enterprise income tax	3,752	5,690	5,399	7,258
Deferred tax credit	(2,100)	(2,444)	(2,100)	(2,444)
	<u>5,108</u>	<u>9,427</u>	<u>12,199</u>	<u>21,561</u>

10 Earnings per share

	For the 6 months ended 31 March		For the year ended 31 March	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings per ordinary share based on the net profit for the period (HK cents)				
- Based on weighted average number of ordinary shares on issue	13.1	22.0	26.1	43.0
- On a fully diluted basis	13.1	22.0	26.0	43.0
Number of ordinary shares in issue (excluding treasury shares)				
- Weighted average number of ordinary shares for the purpose of basic earnings per share	434,926,234	435,096,991	435,451,270	435,048,782
- Effect of potentially dilutive ordinary shares – Share options	574,875	162,746	574,875	162,746
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>435,501,109</u>	<u>435,259,737</u>	<u>436,026,145</u>	<u>435,211,528</u>

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11 Dividends

	For the year ended 31 March	
	2022	2021
	(Unaudited) HK\$'000	(Audited) HK\$'000
Interim dividend, paid of HK\$4 cents (2021: HK\$5 cents) per ordinary share	17,425	21,750
Final dividend proposed of HK\$10 cents (2021: HK\$16.0 cents) per ordinary share	43,191	69,700

(a) Current Financial Period Reported On

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in HK cents)	HK 4 cents per ordinary share	HK 10 cents per ordinary share
Tax Rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in HK cents)	HK 5 cents per ordinary share	HK 16 cents per ordinary share
Tax Rate	Not applicable	Not applicable

(c) Date payable

The final dividend will be paid on 23 August 2022.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 12 August 2022 for the preparation of dividend warrants.

Duly completed and registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, up to the close of business at 5.00 p.m. on 11 August 2022 will be registered to determine shareholders' entitlements to the final dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 August 2022 will be entitled to the final dividend.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12 Net asset value

	The Group		The Company	
	As at 31 March 2022 (Unaudited) HK\$	As at 31 March 2021 (Audited) HK\$	As at 31 March 2022 (Unaudited) HK\$	As at 31 March 2021 (Audited) HK\$
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period	3.2	3.1	1.2	1.2
Number of ordinary shares in issue excluding treasury shares	431,914,737	435,625,837	431,914,737	435,625,837

13 Property, plant and equipment

During the year ended 31 March 2022, the additions to property, plant and equipment of the Group was HK\$89,364,000 (2021: HK\$138,688,000).

14 Share capital

There were no changes in the Company's issued share capital during the period 1 April 2021 to 31 March 2022. During the six months ended 31 March 2022, the Company had bought back an aggregate of 3,711,100 shares, which have been held as treasury shares.

As at 31 March 2021, the number of ordinary shares in issue was 435,630,837 of which 5,000 were held by the Company as treasury shares (equivalent to 0.001% of the total number of issued shares excluding treasury shares of 435,625,837). The share capital was HK\$43.6 million.

As at 31 March 2022, the number of ordinary shares in issue was 435,630,837 of which 3,716,100 were held by the Company as treasury shares (equivalent to 0.86% of the total number of issued shares excluding treasury shares of 431,914,737). The share capital was HK\$43.6 million.

There was no subsidiary holding as at 31 March 2022 and 2021.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

(a) Share options

As at 31 March 2022, the Company has the following outstanding share options:

<u>Employee Share Option Scheme</u>	<u>Exercise Price</u>	<u>As at 31 March 2021 (Audited)</u>	<u>Additions</u>	<u>Share options forfeited</u>	<u>As at 31 March 2022 (Unaudited)</u>
Incentive Options (Note)	S\$0.268*	27,500	-	-	27,500
	S\$0.379*	132,000	-	-	132,000
	S\$0.701	3,095,000	-	(200,000)	2,895,000
	S\$0.530	2,245,000	-	-	2,245,000
	S\$0.570	3,195,000	-	(100,000)	3,095,000
	S\$0.460	2,500,000	-	(100,000)	2,400,000
	S\$0.530	-	1,890,000	-	1,890,000
Total		11,194,500	1,890,000	(400,000)	12,684,500

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14 Share capital (Continued)

(a) Share options (Continued)

As at 31 March 2021, the Company has the following outstanding share options:

<u>Employee Share Option Scheme</u>	<u>Exercise Price</u>	<u>As at 31 March 2020</u> (Audited)	<u>Additions</u>	<u>Forfeited</u>	<u>Share options exercised</u>	<u>As at 31 March 2021</u> (Audited)
Incentive	S\$0.268*	27,500	-	-	-	27,500
Options (Note)	S\$0.379*	187,000	-	-	(55,000)	132,000
	S\$0.701	3,095,000	-	-	-	3,095,000
	S\$0.530	2,890,000	-	(75,000)	(570,000)	2,245,000
	S\$0.570	3,295,000	-	(100,000)	-	3,195,000
	S\$0.460	-	2,500,000	-	-	2,500,000
Total		9,494,500	2,500,000	(175,000)	(625,000)	11,194,500

* Following the completion of the 1-for-10 bonus issue on 5 June 2017, the number of outstanding share options held by each holder would be adjusted upward by 10% and their respective exercise prices would be adjusted downward by 10% as a result.

Note:

The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

(b) Performance share plan

The Company has no outstanding performance shares as at 31 March 2022 and 2021.

15 Capital commitments

The Group has the following capital commitments at the end of the financial year:

	<u>As at 31 March 2022</u> (Unaudited) HK\$'000	<u>As at 31 March 2021</u> (Audited) HK\$'000
Acquisition of property, plant and equipment - contracted but not provided for	23,644	56,793

16 Related party transactions

In addition to those disclosed elsewhere in these financial statements, the following is a summary of significant related party transactions entered into between the Group and its related parties and the balances arising from related party transactions in the ordinary course of business and negotiated on terms mutually agreed with these related parties.

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

16 Related party transactions (Continued)

(a) Transactions with related parties:

	The Group			
	For the 6 months ended		For the year ended	
	31 March		31 March	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Purchases of goods from				
- Nicecon Limited (note)	866	1,951	2,855	3,936
Purchases of services from				
- Concord Building Co., Ltd (note)	560	756	1,286	1,512

(b) Balances with related parties:

	The Group	
	As at 31	As at 31
	March 2022	March 2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade payables		
- Nicecon Limited (note)	86	1,283
Other payables and accruals		
- Concord Building Co., Ltd (note)	242	882

Note: beneficially owned by brothers of executive directors of the Company.

17 Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 31 March 2022		As at 31 March 2021	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

(b) Amount repayable after one year

As at 31 March 2022		As at 31 March 2021	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

(c) Details of any collateral

None.

18 Subsequent event

There is no known subsequent event which has led to adjustment on this set of condensed interim consolidated financial statements.

G. OTHER INFORMATION

- 1 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Valuetronics is an Electronic Manufacturing Service ("EMS") provider, which focuses on the design and development of products that meet the ever-changing customers' needs. We are the preferred choice of some successful global companies involved in consumer electronics as well as industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis.

The Group classified its EMS business into 2 reportable segments, namely consumer electronics products ("Consumer Electronics" or "CE") and industrial and commercial electronics products ("Industrial and Commercial Electronics" or "ICE").

Review – Full Year Results ended 31 March 2022 ("FY 22") and the Six Months Results ended 31 March 2022 ("2H 22")

Revenue

As highlighted in the FY2021 annual report and FY2022 interim announcement, severe shortages of certain key electronic components have affected the Group's ability to meet orders, leading to a decline in revenue and corresponding decrease in profit.

Revenue for FY 22 decreased by 11.1% to HK\$2,027.4M, 2H 22 revenue was HK\$1,012.9M (-14.6% YoY).

Consumer Electronics revenue for FY 22 increased by 3.8% to HK\$706.9M, 2H 22 CE revenue was HK\$387.5M (+22.8% YoY), mainly due to the rebound of orders from the smart lighting customers.

Industrial and Commercial Electronics revenue for FY 22 decreased by 17.5% to HK\$1,320.5M, 2H 22 ICE revenue was HK\$625.4M (-28.2% YoY). There was significant drop in sales to the auto customer caused by its production switch-over from Group's factory to another vendor in North America. The components shortage also affected orders fulfilment for certain ICE customers.

Gross profit and gross profit margin

Gross profit for FY 22 decreased by 28.8% to HK\$274.8M, 2H 22 gross profit was HK\$131.2M (-34.5% YoY). The gross profit margin was eroded by higher component prices due to tight supply, and increased labour and operating cost in China under the Renminbi appreciation.

Other income and gains, net

Other income for FY 22 decreased by 20.0% to HK\$14.7M, 2H 22 was HK\$7.3M (+4.6% YoY). The decrease in FY 22 was mainly due to the decrease in interest income under the low interest rate environment.

Selling and distribution expenses

Selling and distribution expenses for FY 22 decreased by 32.4% to HK\$21.6M, 2H 22 was HK\$9.9M (-45.9% YoY). Such decrease was mainly due to decrease in commission expenses as the result of decline in revenue.

G. OTHER INFORMATION (CONT'D)

Administrative expenses

Administrative expenses for FY 22 decreased by 13.3% to HK\$141.6M, 2H 22 was HK\$66.3M (-20.7% YoY). Such decrease was mainly due to more stringent cost control measures put in place by management and the decrease in staff costs.

Profit for the period

As a result of the above, the net profit for FY 22 decreased by 39.3% to HK\$113.5M, net profit for 2H 22 was HK\$56.9M (-40.5% YoY).

Financial position and cash flows

As at 31 March 2022, the Group had net current assets of HK\$962.1M (31 March 2021: HK\$975.3M), total assets of HK\$2,095.7M (31 March 2021: HK\$2,241.6M) and shareholders' funds of HK\$1,368.6M (31 March 2021: HK\$1,347.1M).

The Group's trade receivables decreased by HK\$59.8M from HK\$490.5M as at 31 March 2021 to HK\$430.7M as at 31 March 2022. The Group's trade payables decreased by HK\$102.5M from HK\$365.2M as at 31 March 2021 to HK\$262.7M as at 31 March 2022. The Group's inventories increased by HK\$59.4M from HK\$214.1M as at 31 March 2021 to HK\$273.5M as at 31 March 2022.

The working capital of the Group as at 31 March 2022, which is the sum of trade receivables and inventories less trade payables, was HK\$441.5M (31 March 2021: HK\$339.4M). The increase in working capital was partially attributed to the global components shortage situation, the Group needed to procure certain components from spot buy dealers on cash basis or under a shorter credit term as compared to procurement from standard vendors. The components shortage also led to reduced flexibility throughout the supply chain and longer inventory turnover period. The decreased in trade receivables was due to decline in revenue.

The Group had no bank borrowings as at 31 March 2022 (31 March 2021: Nil).

As at 31 March 2022, the Group had cash and cash equivalents of HK\$936.7M (31 March 2021: HK\$1,129.4M). Over 97% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong and Singapore. The remaining balance of the cash and cash equivalents, mainly in the PRC and Vietnam, were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors, PricewaterhouseCoopers.

2 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement was previously disclosed to shareholders.

3 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's latest audited financial statements for the financial year ended 31 March 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

G. OTHER INFORMATION (CONT'D)

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

In the financial year ended 31 March 2022 ("FY2022"), the Group's operations, like many other electronics manufacturing service providers, were adversely affected by the global components shortage. This supply problem for a wide range of electronics components resulted in extreme price surges, prolonged order lead times, frequent delivery delinquent and consequential productivity losses. Furthermore, the ongoing COVID-19 pandemic and lockdowns in major cities also further disrupted the capacity and logistics of the electronic component industry, which worsened the situation.

While these external macro factors have affected the Group's performance, the Group has proactively implemented various mitigation measures. These measures include identifying alternative parts, re-engineering products to lower cost, and leveraging the Group's supply chain knowledge to identify new sources of supply. Despite all these efforts, the Group expects the components shortages, together with the cost pressure resulting from inflation, to continue to affect the Group's gross profit margin until the global components market is back to the normal.

Even in the midst of the ongoing COVID-19 pandemic, the Group's Vietnam expansion has remained on track. The Group's newly constructed Vietnam campus in Vinh Phuc Province has commenced mass production for three customers in the last quarter of FY2022, following the successful completion of ISO and customer audits. These mass production projects will serve as a reference for other customers on the readiness and scalability of the Vietnam campus under the Group's regional manufacturing footprint strategy, targeting the diversified needs of global customers.

The Group is also preparing for the trial production for its newly acquired customers in ICE segment, including a hardware provider customer for retail chain stores, and a customer providing cooling solutions for high performance computing environments, which is expected to contribute revenue in the financial year ending 31 March 2023 ("FY2023"). Meanwhile, the revenue rebound in the CE segment that was seen in FY2022, is not expected to continue due to lower customer forecasts and the components shortage problem.

The lockdowns in major cities of China are affecting global supply chains, increasing the backlog of critical components supply and affecting cross border logistics. The ripple effect of the supply chain bottlenecks could last beyond 2022. With the components shortages, COVID-19 pandemic, Russia-Ukraine conflict, and US China trade tensions, the Group anticipates potential headwinds ahead.

Barring unforeseen circumstances, the Company is cautiously optimistic to remain profitable for FY2023, given its track record and strong fundamentals in terms of capability that is supported by a strong balance sheet.

5 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 1 above.

G. OTHER INFORMATION (CONT'D)

6 A breakdown of sales.

	Year ended 31 March 2022 HK\$'000	Year ended 31 March 2021 HK\$'000	Change %
(a) Sales from operations reported for first half year	1,014,522	1,094,917	-7.3
(b) Operating profit after tax reported for first half year	56,634	91,492	-38.1
(c) Sales from operations reported for second half year	1,012,904	1,186,606	-14.6
(d) Operating profit after tax reported for second half year	56,912	95,621	-40.5

7 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Year ended 31 March 2022	Year ended 31 March 2021
	HK\$'000	HK\$'000
Ordinary	60,616	91,450
Preference	N/A	N/A
Total:	60,616	91,450

8 If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"). If not IPT mandate has been obtained, a statement to that effect.

The Company does not have a Shareholders' Mandate for IPTs.

9 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative to a director, chief executive officer or substantial shareholder of the Company.

10 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Rules of the SGX-ST.

For and on behalf of the Board of Directors of
Valuetronics Holdings Limited

Tse Chong Hing
Chairman and Managing Director
26 May 2022

Chow Kok Kit
Executive Director